USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.08

Required Report - public distribution

Date: 10/29/2004

GAIN Report Number: DA4006

Denmark

Fishery Products

Annual

2004

Approved by:
Roger A. Wentzel
U.S. Embassy

Prepared by:
Hasse Kristensen/Morgan Perkins

Report Highlights:
Denmark ranks fourth among world suppliers of fishery products and is a large international trader. Fresh fish is generally imported from non-EU countries, then processed and re-exported to other EU member countries. Constantly declining EU cod quotas are increasing Danish interest in finding alternative suppliers and import substitutes. Niche markets also exist for U.S. shellfish.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
The Hague [NL1]
[DA]

Table of Contents

Executive Summary

With rising exports over the past ten years, Denmark remains one of the world's leading seafood exporters and the largest in the EU. Denmark imports raw material from other (mainly Nordic) countries and sells fresh or processed product to other EU member countries. While Denmark records the largest landings in the EU, most of these are for industrial production of fishmeal and fish oil.

Eighty percent of raw material imports come from countries outside the EU (principally Norway, Greenland, Faeroe Islands and Russia) and 81 percent of exports are sold within the EU – primarily to Germany (24 percent), France and UK. Apart from trade through Denmark, Danish traders are also active in importing directly from third countries to other EU markets.

Export quantities in 2003 were almost unchanged from 2002. In 2003, Denmark exported 673,000 tons of total fish and seafood products, a slight decrease from the previous year. Denmark continues to export significant quantities of fish oil and meal processed from, mainly, imported raw material. In 2003, those products accounted for 327,000 tons (or 49 percent) of all exports.

Export value also decreased in 2003, down by 4 percent to DKK 15.7 billion (USD 2.4 billion). Exports of unprocessed fish decreased by 5 percent in 2003 while processed seafood exports decreased by 2 percent. Processed seafood exports now constitute 54 percent of total seafood exports.

In quantity terms, imports of non-processed fish increased by 25 percent to 602,000 tons and imports of processed fish increased by 14 percent to 141,000 tons. All landings (including landings in Denmark of other EU and third countries) of edible fish in 2003 amounted to 479,000 tons, down from 494,000 Tons in 2002. Relatively high prices in 2002 decreased in 2003 by 20 percent. Import value of unprocessed seafood decreased by 8 percent to DKK 5.8 billion (USD 873 million) while imports of processed seafood increased by 3 percent to DKK 3.6 billion (USD 543 million).

In general, quotas dictate the total Danish catch. Cod quota reductions are putting the fishing industry under great pressure. Decreased Danish cod harvest is being fully substituted for by increased cod imports from other countries and imports of other species from, e.g., Lake Victoria in Africa and Hoki from New Zealand.

Total domestic seafood consumption in 2003 is estimated almost unchanged at 125,000 Tons. These figures are only estimates and do not take into account stock changes. In general, Danish consumption is rather stable at about 24 kg. per person. Of this amount, only 6.5 kg are eaten fresh.

The reduction in [especially ground fish] quotas has increased the Danish processing industry's needs for increased imports. Denmark is seeking raw material from all over the World. Seafood imports from U.S. have increased significantly in recent years: from 2,980 tons in 2000 to 5,800 tons in 2003. Imports of ground fish fillets have increased from 0 in 2000 and 2001 to 1,458 tons in 2003. Imports of salmon remain at the 2002 level of about 1,800 tons.

Market opportunities exist for increased U.S. exports of smaller (about 1 to 2 kg) salmon, while market opportunities for scallops and lobsters (around New Year) and cold-water shrimp should be explored. Demand for Alaska Pollack (frozen) has grown to fill the void left by reduced imports of Atlantic Pollack. Demand also exists for catfish. The Office of

Agricultural Affairs in Copenhagen can supply interested exporters with details of possible Danish importers.

A new EC Directive on traceability for seafood (effective as of January 1, 2005) requires labels to indicate whether seafood is farmed or caught wild. Still unresolved is the question of how to label fish that is caught wild and subsequently farm raised to full maturity. The Danish Minister for Food, Agriculture and Fishery will try to have them labeled as wild, as that definition will include all fish, especially cod, caught under quota. It is hoped that such labeling would improve the competitiveness of Danish-produced cod versus farm-raised cod from Sweden.

Exchange rates:	2002:	DKK 7.88=USD 1
	2003:	DKK 6.59=USD 1
	Present:	DKK 6.10 =USD 1

Salmon, Whole/Eviscerated

Production

PSD Table

Country **Denmark**

Commodity **Groundfish, Whole/Eviscera** (MT)

	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [
Market Year Begin		01-2003		01-2004		01-2005
Beginning Stocks	0	0	0	0	0	0
Total Production	50000	44440	0	40000	0	38000
Intra-EC Imports	18000	18786	0	20000	0	17000
Other Imports	72000	70859	0	70000	0	70000
TOTAL Imports	90000	89645	0	90000	0	87000
TOTAL SUPPLY	140000	134085	0	130000	0	125000
Intra-EC Exports	35000	53490	0	55000	0	50000
Other Exports	12000	15944	0	20000	0	20000
TOTAL Exports	47000	69434	0	75000	0	70000
Domestic Consumption	33000	12634	0	12000	0	14000
Other Use/Loss	60000	52017	0	43000	0	41000
TOTAL Utilization	93000	64651	0	55000	0	55000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	140000	134085	0	130000	0	125000

Note: Statistics on salmon include sea trout. Other uses include production of salted, smoked or otherwise processed salmon.

The only sea where Danish fishermen catch salmon is the Baltic, in competition with Swedish, Polish and Finnish fishermen. This catch is forecast to remain unchanged in the coming years. The quality of the Baltic salmon is considered excellent and it is especially good for smoking and curing.

Danish production accounts for less than 10 percent of total supply, which underscores the importance of imports.

There is no salmon farming in Denmark. There is, however, farm production of trout. This farmed production is only economically viable for the months when the trout can be caught with roe.

Prices

Auction statistics are no longer publicized as most salmon are caught and sold directly to the industrial users. In general, retail prices are more than six times as high as the price paid to the fishermen at the landing places.

Consumption

No official statistics exist on Danish fish consumption. Consequently, the consumption figures are residually determined from production (catches + imports - exports - other use). However, import statistics seem to be underestimated. The reason for this is probably that imports declared for re-export are not registered although, when re-exported, they are included in export figures.

Domestic consumption is expected to vary only slightly from the present level of about 14,000 tons. The increased availability of salmon from extensive farm production in, among other countries, Norway has lowered the price considerably. Salmon has therefore become affordable for a larger group of consumers.

Trade

Import Trade Matrix

Country	Denmark		
Commodit	Groundfish, Whole/Eviscer		
Time Period	CY	Units:	Metric Tons
Imports for:	2002		**2003**
U.S.	5504	U.S.	5822
Others		Others	
Russia	37996	Russia	25303
Norway	20155	Norway	24289
Sweden	9347	Sweden	8569
Germany	6930	Gemany	5291
UK	2653	UK	1736
Faroe Islands	7650	Faroe Islands	9069
Latvia	939	Latvia	754
Lithuania	408	Lithuania	154
Poland	1355	Poland	1427
Total for Others	87433		76592
Others not Liste	7541		7231
Grand Total	100478		89645

Imports of whole/eviscerated salmon in 2004 are estimated at almost 95,000 tons, almost exclusively from non-EU countries. Norway and Faeroe Islands are the main suppliers followed by Sweden and the U.S. Most of the salmon imported from Norway and the Faeroe Islands are farm raised while salmon imported from Northern America is wild salmon. Imports from the U.S. are partly smaller salmon (1 to 2 kg) sold frozen in super markets, and partly 6 to 9 kg salmon that are smoked, portioned/sliced and exported to other European countries.

Norway and the Faeroe Islands are expected to continue to be the main suppliers. Import levels from the U.S. and Canada depend on the price difference between farmed Norwegian salmon and the wild caught North American salmon. Growing demand may exist for 1 to 2 kg Alaska salmon for sale by major supermarkets.

Exports of salmon products are dominated by two categories, whole salmon and smoked salmon. Trade sources indicate that his year there has been considerable export of salmon fillets going to the U.S. Exports of fresh salmon fillets in 2003 amounted to 9,076 tons, of which 1,006 was shipped to U.S.

Export Trade Matrix

Country Denmark

Commodit Groundfish, Whole/Eviscer

Time Period	CY	Units:	Metric Tons
Exports for:	2002		**2003**
U.S.	0	U.S.	0
Others		Others	
France	11739	France	17836
Germany	3243	Germany	3254
Netherlands	8423	Netherlands	8261
UK	9080	UK	6973
Spain	5885	Spain	9504
Belgium	1382	Belgium	1620
Italy	1089	Italy	1732
Poland	5596	Poland	1688
Portugal	1589	Portugal	1255
Canada	7316	China	11071
Total for Others	55342		63194
Others not Liste	13565		6240
Grand Total	68907		69434

Smoked salmon is one of the very few products for which exports are increasing, although at reduced prices. In 1993, a total of 8,081 tons was exported with a value of DKK 925 million (USD 115 million). In 2003, by contrast, 11,400 tons was exported with a value of DKK 877 million (USD 133 million) of which 63 tons of smoked salmon was exported to the U.S. for a total of DKK 4.3 million (USD 658,000), or USD 10.50 per kilo. In 2003, Denmark exported 494 tons frozen cod fillets to the U.S. at DKK 15.8 million (USD 2.4 million), or USD 4.90 per kilo.

Policy

Denmark has a small marine aquaculture sector, which produces sea trout and no salmon. The Danish government is very concerned about nitrate pollution and has taken stringent measurements to reduce nitrate runoff from agriculture. Since a large number of fish farms could present a serious pollution risk to the Danish fjords, the government has placed limits on the amount of feed that might be introduced into these waters (and consequently on production).

Production has stabilized at 8,500 tons.

Tariff

EU tariffs on salmon are as low as 2 percent.

Marketing

Market Development Opportunities

Increased availability of salmon at affordable prices has opened up the market for additional increases in consumption. The versatility of salmon has made it a popular fish among the consumers. The market share for processed/ready-to-eat salmon is increasing and there is considerable room for additional expansion for this kind of products.

Health experts continue to stress that eating certain fish (e.g. salmon) is healthy and currently newspapers report that eating such fish once or twice a week reduce the likelihood of senility by as much as 35 percent. As most imported salmon from Norway and the Faeroe Islands is used by the industry, market opportunities exist for smaller, frozen salmon, typically sold through supermarkets. Danish supermarkets import directly themselves. Alaska Seafood Marketing Institute has worked to establish contact with Danish supermarkets.

Ground Fish, Whole / Eviscerated

Production

PSD Table

Country	Denmark					
Commodity	Groundfish, Whole/Evisceral (MT)					
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [
Market Year Begin		01-2003		01-2004		01-2005
Beginning Stocks	0	0	0	0	0	0
Total Production	50000	44440	0	40000	0	38000
Intra-EC Imports	18000	18786	0	20000	0	17000
Other Imports	72000	70859	0	70000	0	70000
TOTAL Imports	90000	89645	0	90000	0	87000
TOTAL SUPPLY	140000	134085	0	130000	0	125000
Intra-EC Exports	35000	53490	0	55000	0	50000
Other Exports	12000	15944	0	20000	0	20000
TOTAL Exports	47000	69434	0	75000	0	70000
Domestic Consumption	33000	12634	0	12000	0	14000
Other Use/Loss	60000	52017	0	43000	0	41000
TOTAL Utilization	93000	64651	0	55000	0	55000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	140000	134085	0	130000	0	125000

The ground fish category consists of the following species: Cod, haddock, Pollack, whiting, light and dark coalfish, and hakes. Cod is by far, the biggest species in this category (85 percent in 2000 but decreasing to 63 percent in 2003). The Total Allowable Catch (TAC) quotas limit actual landings. Next to cod, haddock is the most important species of the ground fish with an 11 percent share. Cod are caught in the Baltic Sea as well as in the North Sea. While the quota (TAC) for the North Sea was left unchanged for 2004, the quota for the Baltic Sea, which account for 66 percent of all cod catch, was reduced by 20 percent for 2004, though it is expected to remain stable for 2005. The cod population in the Baltic Sea is rebounding, and agreement has been reached to use nets with larger mesh, in order to further increase the population. No such agreement seems imminent for the North Sea. These limits are not forecast to change the Danish supply situation notably, as cod landings will be substituted for with other ground fish species and imports from other waters. Quotas for haddock were increased by 56 percent in 2004 and account for 7,600 tons.

To supply retailers and industry, Danish seafood traders are looking for substitutes for traditional cod consumption. In competition with the U.S., importers are sourcing Nile perch or Victoria Bass from Lake Victoria. Due to high prices for cod, these species are still competitive. Such seafood arrives fresh in Denmark about 24 hours after landing at Lake Victoria and is distributed fresh around Europe within another 24 hours.

Consumption

Most of the whole/eviscerated ground fish is used for further processing into fillets and other processed products. It is estimated that about 5 percent of domestic consumption is consumed directly as fresh fish. Of landed whole ground fish, approximately 40 percent is guts, fins, heads and other waste products. In spite of retail prices having increased 20 to 30 percent the last year, consumption seems to have remained stable.

An increasing share of sales is shifting from specialized fish retailers to supermarkets, which have improved quality of their seafood through fast sales and special packing. While supermarkets' share of the seafood market was about 15 percent just a few years ago, it is now estimated at about 50 percent, and is forecast by some to increase to about 80 percent in a five-year period.

Trade

Import Trade Matrix

Country Denmark

Commodit Groundfish, Whole/Eviscer

Time Period	CY	Units:	Metric Tons
Imports for:	2002		**2003**
U.S.	5504	U.S.	5822
Others		Others	
Russia	37996	Russia	25303
Norway	20155	Norway	24289
Sweden	9347	Sweden	8569
Germany	6930	Gemany	5291
UK	2653	UK	1736
Faroe Islands	7650	Faroe Islands	9069
Latvia	939	Latvia	754
Lithuania	408	Lithuania	154
Poland	1355	Poland	1427
Total for Others	87433		76592
Others not Liste	7541		7231
Grand Total	100478		89645

As EU quotas are decreasing, Russia and Norway have become dominant suppliers, supplying 55 percent of all imports in 2003. Sweden predominantly supplies fresh cod, fished in the Baltic Sea. Danish imports of fresh frozen cod from Alaska (Aleutian Islands) have been gradually increasing from 473 tons in 2000 to 5,800 tons in 2003. The fish are frozen on board fishing vessels, and after defrosting in Denmark, are salted, filleted and exported to southern European countries. Interest also exists for imports of Alaska Pollock of more than 1 kg, caught by line, frozen on board, Japanese cut.

Export Trade Matrix

Country Denmark

Commodit Groundfish, Whole/Eviscera

Time Period	CY	Units:	Metric Tons
Exports for:	2002		**2003**
U.S.	0	U.S.	0
Others		Others	
France	11739	France	17836
Germany	3243	Germany	3254
Netherlands	8423	Netherlands	8261
UK	9080	UK	6973
Spain	5885	Spain	9504
Belgium	1382	Belgium	1620
Italy	1089	Italy	1732
Poland	5596	Poland	1688
Portugal	1589	Portugal	1255
Canada	7316	China	11071
Total for Others	55342		63194
Others not Liste	13565		6240
Grand Total	68907		69434

Ground Fish, Fillets

Production

PSD Table

Country Denmark

Commodity Groundfish, Fillets (MT)

	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	A Official [	Estimate [
Market Year Begin		01-2003		01-2004		01-2005
Beginning Stocks	0	0	0	0	0	0
Total Production	50000	31210	0	25000	0	23500
Intra-EC Imports	3000	4162	0	3000	0	3000
Other Imports	15000	15584	0	14000	0	15000
TOTAL Imports	18000	19746	0	17000	0	18000
TOTAL SUPPLY	68000	50956	0	42000	0	41500
Intra-EC Exports	41000	39569	0	30000	0	33500
Other Exports	3000	2135	0	5000	0	0
TOTAL Exports	44000	41704	0	35000	0	33500
Domestic Consumption	24000	9252	0	7000	0	8000
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	24000	9252	0	7000	0	8000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	68000	50956	0	42000	0	41500

Production of ground fish fillets is derived from the consumption figure for whole/eviscerated ground fish. There are approximately 15 factories that primarily process ground fish into fillets. In addition to production of fillets, some of these factories also produce ready-to-eat dishes.

Trade

Import Trade Matrix

Country	Denmark		
Commodit	Groundfish, Fillets		
Time Period	CY	Units:	Metric Tons
Imports for:	2002		**2003**
U.S.	1474	U.S.	1458
Others		Others	
Faroe Islands	4287		3144
Russia	2019		1900
Norway	1897		1971
Gemany	3319		1895
Sweden	1123		1298
Greenland	313		791
Poland	666		1820
Lithuania	737		442
Total for Others	14361		13261
Others not Liste	964		2571
Grand Total	16799		17290

2003 imports of ground fish fillets were almost unchanged from 2002, at 17,290 tons, of which 76 percent is imported from countries outside the EU. Ground fish fillet exports totaled 41,704 tons in 2003, with 95 percent entering the EU market. Of third country exports, the U.S. was a relatively large importer. A significant part of the ground fish fillets exported to the U.S. enters the fast food industry. Denmark's biggest exporter of fish, A. Espersen A/S, supplies all McDonald restaurants in Europe.

Imported fillets from the U.S. are further processed into fish fingers and ready-to-serve dishes, mainly for East European countries.

Export Trade Matrix

Country Denmark

Commodit Groundfish, Fillets

Time Period	CY	Units:	Metric Tons
Exports for:	2002		**2003**
U.S.	1257	U.S.	494
Others		Others	
Germany	14529	Germany	12353
UK	11479	UK	9181
France	7252	France	4844
Spain	1624	Spain	1844
Sweden	2851	Sweden	2321
Italy	2595	Italy	3340
Belgium	1203	Belgium	1842
Netherlands	811	Netehrlands	675
Ireland	998	Ireland	256
Total for Others	43342		36656
Others not Liste	5751		4554
Grand Total	50350		41704